



## Pidilite Industries Limited

### Investor Update

Quarter and Half year ended September 2011

#### Coverage

- Financial Highlights
- Business segment wise
- Overseas subsidiaries performance
- Financial Results

#### Investor Communication

This investor update covers the Company's performance for quarter and half year period ended 30<sup>th</sup> September 2011.

#### Contact information

Ms. Savithri Parekh, Company Secretary

e-mail: savithri.parekh@pidilite.com

Telephone: 022-22357058

### Financial Highlights

#### Quarter ended 30<sup>th</sup> September 2011

##### Consolidated Performance

- Net Sales at Rs.7813mn grew by 18.6% over the same quarter last year.
- EBIT (before foreign exchange difference and exceptional items) during the quarter at Rs 1188mn was higher by Rs 33mn over the same period last year.
- Profit (before tax) at Rs 1064mn was up by Rs 25.8mn over the corresponding quarter last year.

## Standalone Performance

- Net Sales at Rs.7028mn grew by 20.6% over the same quarter last year.
- Raw Material prices, on an average are higher by 24% over same period last year. The impact of increase in material cost has been partly offset by increase in prices and various cost saving initiatives.
- Material cost as % to sales has gone up by 413bps over the same period last year. Compared to the previous quarter, material costs as % to sales has gone up by 127bps due to increase in commodity prices and rupee depreciation.
- Other operating costs were up due to higher volumes, increase in key inputs cost like power, fuel and labour rate.
- EBIT (before non-operating income and foreign exchange difference) at Rs 1183mn was higher by Rs 52mn over same quarter last year.
- Due to depreciation of the Rupee vs USD, Foreign exchange loss for the quarter was Rs.48.9mn as compared to Rs. 18.2 mn in the same quarter last year.
- Interest cost at Rs 59.3mn was lower than last year cost of Rs 86.7mn due to repurchase of non-convertible debentures (Rs 900mn) last year and repayment of ECB loans.
- Profit before Tax and before exceptional items at Rs 1104.4mn grew by Rs 2.8% over the corresponding quarter last year. With the completion of the first 5 year tax holiday period of the 4<sup>th</sup> unit in Himachal Pradesh, the effective tax rate has increased to 25.1%.
- The combined impact of the above has resulted in Profit after Tax of Rs.815.3mn in the current quarter as compared to Rs. 828.5mn during the same period LY.
- During the quarter, FCCBs aggregating US\$ 3 million have been converted into equity shares, resulting in increase of paid-up capital of the Company by 1164626 equity shares of Re. 1 each.

## Period ended 30<sup>th</sup> September 2011

### Consolidated Performance

- Net Sales at Rs.16264mn grew by 19.8% over the same period last year.
- Material cost as % to sales has gone up by 369bps over the same period last year. The steep increase in material cost was partly mitigated by price increase and partly by cost saving measures.
- EBIT (before foreign exchange difference and exceptional items) during the quarter at Rs 2640mn was higher by Rs 45.5mn over the same period last year.
- Profit (before tax) at Rs 2457mn was up by Rs 82.4mn over the corresponding quarter last year.

### Business segment wise performance

STANDALONE PERFORMANCE Rs Millions	FOR QUARTER ENDED			FOR PERIOD ENDED			FOR YEAR ENDED
	Sep-10	Sep-11	%	Sep-10	Sep-11	%	Mar-11
			Change			Change	
Revenue							
Consumer and Bazaar Products	4,548	5,604	23%	9,536	11,731	23%	18,134
Industrial Products	1,399	1,646	18%	2,803	3,307	18%	5,809
Others	22	28	25%	40	62	54%	101
Less : Inter Segment Revenue	(140)	(249)		(280)	(434)		(507)
<b>Total Revenue</b>	<b>5,829</b>	<b>7,028</b>	<b>21%</b>	<b>12,100</b>	<b>14,667</b>	<b>21%</b>	<b>23,538</b>
Profit before Interest and Tax							
Consumer and Bazaar Products	1,168	1,281	10%	2,657	2,820	6%	4,538
Industrial Products	224	243	8%	470	500	6%	996
Others	(31)	(25)	-18%	(63)	(61)	-3%	(142)
<b>Total</b>	<b>1,361</b>	<b>1,499</b>	<b>10%</b>	<b>3,064</b>	<b>3,258</b>	<b>6%</b>	<b>5,392</b>
Interest	(87)	(59)		(169)	(99)		(268)
Unallocated Corporate Expenditure*	(201)	(335)		(454)	(628)		(1,149)
<b>Profit before Tax</b>	<b>1,074</b>	<b>1,104</b>	<b>3%</b>	<b>2,441</b>	<b>2,531</b>	<b>4%</b>	<b>3,975</b>

\* Net of Unallocated Income

### CONSUMER AND BAZAAR PRODUCTS

- The segment revenue grew at 23.0% over last year. Growth in Adhesives, Sealants and Construction chemicals in the domestic market contributed to this growth. Price increase implemented in the quarter also helped to improve the sales growth. Export sales showed good recovery after a flat growth in first quarter led by sales growth in Adhesives products.
- Profit before tax and interest (PBIT) for the quarter stands at Rs 1281mn, an increase of 9.7% over the corresponding period last year. PBIT as %

to Sales at 22.9%, dropped by 283bps over same quarter last year. The drop over last year was mainly due to impact of steep increase in commodity prices which were not passed on fully to the consumers.

## INDUSTRIAL PRODUCTS

- Revenue of Industrial Products increased by 17.6% in Q2 and 18% for H1 over same period last year. The growth was mainly driven by growth in industrial Resin business and Exports of Pigments with good volumes coming in from existing customers and increase in customer base.
- PBIT for the segment stands at Rs 243 mn for the quarter as compared to Rs 224 mn achieved LY, a growth of 8.4%. PBIT as % to Sales dropped to 14.8% in the current quarter as compared to 16.0% in the same period last year. Significant increase in input costs coupled with competitive pressure affected margins during the quarter.

## Overseas subsidiaries performance

- The Company has 14 Overseas subsidiaries (4 direct and 10 step-down) including those having significant manufacturing and selling operations in USA, Brazil, Thailand, Dubai, Egypt and Bangladesh.

Sales - Rs mn	Q2	Q2	H1	H1
	FY'10-11	FY'11-12	FY'10-11	FY'11-12
North America	349	321	688	665
South America	308	322	588	644
Middle East & Africa	47	79	95	169
South & South East Asia	85	105	165	200
<b>Total Sales</b>	<b>789</b>	<b>827</b>	<b>1,536</b>	<b>1,677</b>

  

EBITDA* - Rs mn	Q2	Q2	H1	H1
	FY'10-11	FY'11-12	FY'10-11	FY'11-12
North America	18	8	40	42
South America	15	(11)	20	(16)
Middle East & Africa	(16)	(7)	(37)	(13)
South & South East Asia	5	14	18	27
<b>Total EBITDA*</b>	<b>22</b>	<b>5</b>	<b>42</b>	<b>40</b>

\* before exception items

- While nominal sales growth was 5%, in constant currency term sales were flat over the same period last year.
- North America: Sales in constant currency dropped by 17.5% in Q2 and 6.9% in H1 over same period last year. Material cost to sales was however maintained for key products categories by price increase and

improved product mix. Cash profit for the period ended grew by 19.7% over same period last year.

- South America: Sales in constant currency was up by 8.2% in Q2 and 6.1% in H1 over same period last year. The growth was in construction retail segment whereas industrial segment had de-growth owing to local conditions and sharp increase in input cost. Material cost to sales at 60% was 8% over LY mainly due to the increase in inputs cost of key raw material which were not passed on fully.
- Middle East & Africa: Sales were up by 68% over same period last year owing to improvement in market condition in UAE and stabilising of business in Egypt. Margins were impacted by steep increase in input costs and pricing actions were implemented during the later part of the quarter.
- South & South East Asia: Sales in the region grew by 23% over Q2 last year in both South East Asia and South Asia region. Margins improved in Q2 mainly due to increase in prices and reduction in direct cost.

# Financials

## PIDILITE INDUSTRIES LIMITED

REGD. OFFICE : 7th Floor, Regent Chambers, Jammalal Bajaj Marg,  
208, Nariman Point, Mumbai - 400 021.

### UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30.09.2011

(Rs. in lac)

Sr. No.	Particulars	Standalone					Consolidated				
		Unaudited		Audited		Unaudited		Audited			
		For the Quarter ended		For the Half year ended		For the Quarter ended		For the Half year ended		For the Year ended	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010	31.03.2011	30.09.2011	30.09.2010	30.09.2011	30.09.2010	31.03.2011	
1	a) Net Sales/Income from Operation	70284	58290	146666	120966	235375	78135	65904	162641	135799	264391
	b) Other operating Income	744	734	1352	1248	2889	841	784	1342	1389	2822
	<b>Total Income</b>	<b>71028</b>	<b>59024</b>	<b>148018</b>	<b>122242</b>	<b>238064</b>	<b>78776</b>	<b>66688</b>	<b>163983</b>	<b>137188</b>	<b>267213</b>
2	Expenditure										
	a) (Increase) / Decrease in stock in trade and work in progress	(2084)	(2220)	(1302)	(1288)	(5855)	(2551)	(1997)	(1247)	(858)	(6307)
	b) Consumption of raw materials	30230	22538	59597	44015	89824	33429	25203	66462	49452	101899
	c) Purchase of traded goods	3919	3139	7295	6301	12017	4866	4295	9106	8200	15924
	d) Employees cost	8414	5445	13082	11079	22848	8088	8972	16389	14223	28979
	e) Depreciation	1182	1108	2338	2191	4439	1581	1488	3096	2963	5953
	f) Other expenditure										
	1) Packing material consumption	8638	7394	17126	14517	28738	8703	7468	17253	14652	28957
	2) Others	11495	10309	23898	19043	42734	13101	12148	27347	23219	49793
	g) Total	59194	47713	122014	96458	194543	67195	55577	138406	111851	225198
3	<b>Profit from Operations before Other Income, Interest &amp; Exceptional Items</b>	<b>11834</b>	<b>11311</b>	<b>26004</b>	<b>25784</b>	<b>43521</b>	<b>11581</b>	<b>11111</b>	<b>25577</b>	<b>25337</b>	<b>42015</b>
4	Other Income	291	474	804	599	1496	302	442	820	605	1502
5	Profit before Interest & Exceptional Items	12125	11785	26808	26383	45017	11883	11553	26397	25942	43517
6	Interest	593	867	991	1686	2682	708	902	1292	1903	3143
7	Profit after Interest but before Exceptional Items	11532	10918	25817	24697	42335	11175	10571	25105	24039	40374
	Diminution in value of Investment of Subsidiary	-	-	-	-	2500	-	-	-	-	-
8	<b>Profit from Ordinary Activities before Foreign Exchange Difference Expenses / (Income)</b>	<b>11532</b>	<b>10918</b>	<b>25817</b>	<b>24697</b>	<b>39835</b>	<b>11175</b>	<b>10571</b>	<b>25105</b>	<b>24039</b>	<b>40374</b>
9	Foreign Exchange Difference - Expense / (Income)	489	182	507	288	84	531	185	528	284	88
10	<b>Profit/ (Loss) from Ordinary Activities before Tax</b>	<b>11043</b>	<b>10736</b>	<b>25310</b>	<b>24411</b>	<b>39751</b>	<b>10644</b>	<b>10386</b>	<b>24579</b>	<b>23755</b>	<b>40306</b>
11	Tax expense										
	(Add) / Less: Provision for Current Taxation #	2789	2553	6232	5567	9419	2780	2558	6250	5581	9440
	(Add) / Less: Provision for Deferred Tax	121	(102)	154	(114)	(57)	121	(102)	154	(114)	27
12	<b>Net Profit/ (Loss) from Ordinary Activities after Tax</b>	<b>8153</b>	<b>8285</b>	<b>18924</b>	<b>18958</b>	<b>30389</b>	<b>7743</b>	<b>7930</b>	<b>18175</b>	<b>18228</b>	<b>30839</b>
13	Extraordinary Item (net of tax expense Rs. Nil)	-	-	-	-	-	-	-	-	-	-
14	Minority Interest	-	-	-	-	-	(14)	4	(24)	3	(4)
15	Share of Profit / (Loss) in Associate Company	-	-	-	-	-	(11)	(10)	28	36	170
16	<b>Net Profit/ (Loss) for the period</b>	<b>8153</b>	<b>8285</b>	<b>18924</b>	<b>18958</b>	<b>30389</b>	<b>7718</b>	<b>7924</b>	<b>18179</b>	<b>18327</b>	<b>31005</b>
17	Paid-up Equity Share Capital (Face Value of Share : Re.1)	5077	5061	5077	5061	5061					5061
18	Reserves excluding Revaluation Reserve					108891					103410
19	Earnings Per Share (EPS) in Rs.										
	a) Basic EPS before extraordinary item	₹ 1.81	₹ 1.84	₹ 3.73	₹ 3.75	6.00	₹ 1.52	₹ 1.57	₹ 3.58	₹ 3.62	6.13
	b) Diluted EPS before extraordinary item	₹ 1.57	₹ 1.59	₹ 3.64	₹ 3.64	5.84	₹ 1.48	₹ 1.52	₹ 3.49	₹ 3.52	5.96
	c) Basic EPS after extraordinary item	₹ 1.61	₹ 1.64	₹ 3.73	₹ 3.75	6.00	₹ 1.52	₹ 1.57	₹ 3.58	₹ 3.62	6.13
	d) Diluted EPS after extraordinary item	₹ 1.57	₹ 1.59	₹ 3.64	₹ 3.64	5.84	₹ 1.48	₹ 1.52	₹ 3.49	₹ 3.52	5.96
20	Public Shareholding										
	- Number of shares	149679746	148916032	149679746	148916032	148165732					
	- Percentage of shareholding	29.48	29.42	29.48	29.42	29.27					
21	Promoters and Promoter Group Shareholding as on 30th September, 2011						Pledged / Encumbered		Non-encumbered		
	- Number of Shares						Nil		357968880		
	- Percentage of Shares										
	(i) As a % of total shareholding of Promoters and Promoter Group						Nil		100%		
	(ii) As a % of total share capital of the Company						Nil		70.52%		

# Provision for Current Taxation includes Wealth Tax.

@ For the period only and not annualised.

Contd. -- 2 --

**REPORTING OF SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED**

(Rs. in lac)

Sr. No.	Particulars	Standalone					Consolidated				
		Unaudited				Audited	Unaudited				Audited
		For the Quarter ended		For the Half year ended		For the Year ended	For the Quarter ended		For the Half year ended		For the Year ended
		30.09.2011	30.09.2010	30.09.2011	30.09.2010	31.03.2011	30.09.2011	30.09.2010	30.09.2011	30.09.2010	31.03.2011
<b>1</b>	<b>Segment Revenue</b>										
	a) Consumer & Bazaar Products	56040	45477	117312	95359	181344	63889	53091	133287	110162	210360
	b) Industrial Products	16458	13993	33074	28032	58092	16458	13993	33074	28032	58092
	c) Others	276	220	616	401	1012	278	220	616	401	1012
	Total	72774	59690	151002	123792	240448	80625	67304	166977	138595	269464
	Less : Inter Segment Revenue	2490	1400	4336	2796	5073	2490	1400	4336	2796	5073
	<b>Net Segment Revenue</b>	<b>70284</b>	<b>58290</b>	<b>146666</b>	<b>120996</b>	<b>235375</b>	<b>78135</b>	<b>65904</b>	<b>162641</b>	<b>135799</b>	<b>264391</b>
<b>2</b>	<b>Profit before Interest and Tax</b>										
	a) Consumer & Bazaar Products	12810	11679	28196	26567	45382	12620	11183	27760	25979	43786
	b) Industrial Products	2430	2241	4997	4700	9965	2429	2429	4997	4700	9965
	c) Others	(253)	(308)	(612)	(632)	(1424)	(253)	(253)	(612)	(632)	(1424)
	Total	14987	13612	32581	30635	53923	14796	13359	32145	30047	52327
	Less : i) Interest	592	867	991	1686	2682	708	982	1292	1903	3143
	ii) Other unallocable expenditure - net of unallocable income	3352	2009	6280	4538	11490	3444	1991	6274	4389	8878
	<b>Total Profit Before Tax</b>	<b>11043</b>	<b>10736</b>	<b>25310</b>	<b>24411</b>	<b>39751</b>	<b>10644</b>	<b>10386</b>	<b>24579</b>	<b>23755</b>	<b>40306</b>
<b>3</b>	<b>Capital Employed</b>										
	a) Consumer & Bazaar Products	51183	41725	51183	41725	40354	68259	60082	68259	60082	58225
	b) Industrial Products	24338	18256	24338	18256	17766	24338	18256	24338	18256	17766
	c) Others	4556	3897	4556	3897	4367	4556	3897	4556	3897	4367
	d) Unallocated	54328	48939	54328	48939	51465	29622	23597	29622	23597	28113
	<b>Total Capital Employed</b>	<b>134405</b>	<b>112817</b>	<b>134405</b>	<b>112817</b>	<b>113952</b>	<b>126775</b>	<b>105832</b>	<b>126775</b>	<b>105832</b>	<b>108471</b>

**UNAUDITED STATEMENT OF ASSETS AND LIABILITIES AS AT 30.09.2011**

(Rs. in lac)

Sr. No.	Particulars	Standalone Unaudited		Consolidated Unaudited	
		30.09.2011	30.09.2010	30.09.2011	30.09.2010
<b>1</b>	<b>Shareholders' Funds</b>				
	(a) Capital	5077	5061	5077	5,061
	(b) Reserves & Surplus	129328	107756	121698	100,771
<b>2</b>	<b>Loan Funds</b>	33607	31375	38846	35,874
<b>3</b>	<b>Deferred Tax Liability (Net)</b>	4250	4040	4366	4,053
	<b>Total</b>	<b>172262</b>	<b>148232</b>	<b>169987</b>	<b>145759</b>
<b>4</b>	<b>Fixed Assets</b>	83198	71411	97458	85,599
<b>5</b>	<b>Investments</b>	39167	43121	15985	18,048
<b>6</b>	<b>Current Assets, Loans and Advances</b>				
	(a) Inventories	39713	30133	45066	34,602
	(b) Sundry Debtors	39060	31863	45294	38,031
	(c ) Cash and Bank Balances	5570	4349	7739	5,445
	(d) Other Current Assets	397	580	397	699
	(e) Loans and Advances	9871	8126	9921	8,383
	<b>Less: Current Liabilities and Provisions</b>				
	(a) Liabilities	42182	38173	49325	41,780
	(b) Provisions	2532	3178	2548	3,268
<b>7</b>	<b>Miscellaneous expenditure (Not written off) or adjusted</b>	-	-	-	-
<b>8</b>	<b>Profit &amp; Loss Account</b>	-	-	-	-
	<b>Total</b>	<b>172262</b>	<b>148232</b>	<b>169987</b>	<b>145759</b>

**Notes :**

- The above results have been reviewed by the Audit Committee and taken on record by the Board of Directors at their meetings held on 8th November 2011.
- The Statutory Auditor has carried out a "Limited Review" of the standalone financial results for the quarter ended 30th September 2011.
- The Company has opted to publish Standalone as well as Consolidated financial statements. The Consolidated financial results prepared as per Accounting Standard (AS-21) comprise the results of Pidilite Industries Ltd. (Holding Company), 18 subsidiary companies and one associate Company.
- The Central Government vide Notification No G.S.R 225 ( E) dated 11th May 2011 has extended the earlier Notification No. G.S.R 225 (E) dated 31st March 2009 to treat foreign exchange difference relating to assets as adjustments in the carrying value of such depreciable assets. Accordingly, the Company has adjusted the loss of Rs. 466 lacs in the current quarter to the carrying cost of the depreciable assets.
- Unallocated Capital Employed as at 30th September 2011 includes a) Capital Work in Progress of Rs. 34042 lacs ( Rs.28202 lacs) of Synthetic Elastomer Project presently under implementation b) Short term investments in units of mutual funds / term deposits with banks Rs. 17130 lacs (Rs. 17572 Lacs)
- The Company raised US \$ 40 million from issue of Zero Coupon Foreign Currency Convertible Bonds (FCCB) in December 2007. After payment of US\$ 0.99 million for certain issue related expenses, the Company has utilised US \$ 24.60 million for investment in equity capital of its overseas subsidiaries, US\$ 13.32 million for capital equipments, US \$ 0.75 million for buyback of FCCB and finance cost of US\$ 0.43 million. The balance amount is kept with banks.
- During the quarter, FCCBs aggregating US\$ 3 million have been converted into equity shares, resulting in increase of paid-up share capital of the Company by 1164626 equity shares of Re. 1 each.
- During the quarter, the Company has repaid the ECB Term Loan of USD 2.33 million. The ECB term loan now stands fully repaid.
- In terms of Clause 41 of the Listing Agreement, details of number of investor complaints for the quarter ended 30th September 2011 :  
beginning - nil, received - 1, disposed of - 1 and pending - nil.
- Previous period's figures are regrouped wherever necessary.

Mumbai  
Dated 8th November 2011

**M.B.PAREKH**  
Managing Director